

September 30, 2004 Draft
August 19, 2004 Draft
January 5, 2004 Draft
Contract No. 14-06-200-7081A-LTR1
R.O. Draft 9-23-03 CVP M&I Form of Contract
R.O. 8-19-04 San Luis Unit Form of Contract

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
CITY OF HURON
PROVIDING FOR PROJECT WATER SERVICE
FROM SAN LUIS UNIT AND DELTA DIVISION

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8 AND
9 CITY OF HURON
10 PROVIDING FOR PROJECT WATER SERVICE
11 FROM SAN LUIS UNIT AND DELTA DIVISION
12

13 THIS CONTRACT, made this ____ day of _____, 2005, in
14 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
15 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
16 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
17 July 2, 1956 (70 Stat.483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263),
18 October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30,
19 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law,
20 between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States,
21 and CITY OF HURON, hereinafter referred to as the Contractor, a public agency of the State of
22 California, duly organized, existing, and acting pursuant to the laws thereof, with its principal
23 place of business in California;

24 WITNESSETH, That:

25 EXPLANATORY RECITALS

26 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
27 Project, (Project) California, for diversion, storage, carriage, distribution and beneficial use, for
28 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection
29 and restoration, generation and distribution of electric energy, salinity control, navigation and
30 other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River,
31 and the San Joaquin River and their tributaries; and

32 [2nd] WHEREAS, the United States constructed the Delta Division Facilities, including
33 the San Luis Unit facilities which include (the San Luis Canal and Dos Amigos Pumping Plant),
34 which will be used in part for the furnishing of water to the Contractor pursuant to the terms of
35 this Contract; and

36 [3rd] WHEREAS, the rights to Project Water were acquired by the United States
37 pursuant to California law for operation of the Project; and

38 [4th] WHEREAS, the Contractor and the United States entered into Contract No. 14-
39 06-200-7081A, which established terms for the delivery to the Contractor of Project Water from
40 September 26, 1972 through December 31, 2008, hereinafter referred to as the Existing Contract;
41 and

42 [5th] WHEREAS, the United States and the Contractor have pursuant to Subsection
43 3404(c)(3) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into a
44 binding agreement identified as Binding Agreement No. 14-06-200-7081A-BA, which sets out

the terms pursuant to which the Contractor agreed to renew the Existing Contract before the expiration date after completion of the Programmatic Environmental Impact Statement (PEIS) and other appropriate environmental documentation and negotiation of a renewal contract; and which also sets out the consequences of a subsequent decision not to renew; and

[6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal the Existing Contract following completion of appropriate environmental documentation, including a PEIS pursuant to the National Environmental Policy Act (NEPA) analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the potential renewal of all existing contracts for Project Water; and

[7th] WHEREAS, the United States has completed the PEIS and all other appropriate environmental review necessary to provide for long-term renewal of the Existing Contract; and

[8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the State of California, for water service from the Central Valley Project; and

[9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract; and

[10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and beneficial use and/or has demonstrated projected future demand for water use

such that the Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to this Contract; and

[11th] WHEREAS, water obtained from the Central Valley Project has been relied upon by urban areas within California for more than fifty (50) years, and is considered by the Contractor as an essential portion of its water supply; and

[11.1] WHEREAS, at the time of execution of this Contract, the United States is the sole source of water supply to the Contractor; and

[12th] WHEREAS, the economies of regions within the Central Valley Project, including the Contractor's, depend upon the continued availability of water, including water service from the Central Valley Project; and

[13th] WHEREAS, in the CALFED Programmatic Record of Decision, dated August 28, 2000, the United States and the State of California adopted a general target of continuously improving Delta water quality for all uses. The CALFED Agencies, target for providing safe, reliable, and affordable drinking water in a cost-effective way, is to achieve either: (a) average concentrations at Clinton Forebay and other southern and central Delta drinking water intakes of 50 ug/L bromide and 3.0 mg/L total organic carbon, or (b) an equivalent level of public health protection using a cost-effective combination of alternative source waters, source control and treatment technologies; and

83 [14th] WHEREAS, the parties intend by this Contract to develop a more cooperative
84 relationship in order to achieve their mutual goals; and

85 [14.1] WHEREAS, the mutual goals of the United States and the Contractor include: to
86 provide for reliable Project Water supplies; to control costs of those supplies; to achieve
87 repayment of the Project as required by law; to guard reasonably against Project Water
88 shortages; to achieve a reasonable balance among competing demands for use of Project Water;
89 and to comply with all applicable environmental statutes, all consistent with the legal obligations
90 of the United States relative to the Project; and

91 [15th] WHEREAS, the Contractor has utilized or may utilize transfers, contract
92 assignments, rescheduling and conveyance of Project Water and non-Project **water** under this
93 Contract as tools to minimize the impacts of Conditions of Shortage and to maximize the
94 beneficial use of water; and

95 [15.1] WHEREAS, the parties desire and intend that this Contract not provide a
96 disincentive to the Contractor in continuing to carry out the beneficial activities set out in the
97 Explanatory Recital immediately above; and

98 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
99 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

100 NOW, THEREFORE, in consideration of the mutual and dependent covenants herein
101 contained, it is hereby mutually agreed by the parties hereto as follows:

102 DEFINITIONS

103 1. When used herein unless otherwise distinctly expressed, or manifestly
104 incompatible with the intent of the parties as expressed in this Contract, the term:

105 (a) "Calendar Year" shall mean the period January 1 through December 31,
106 both dates inclusive;

107 (b) "Charges" shall mean the payments required by Federal Reclamation law
108 in addition to the Rates and Tiered Pricing Components specified in this Contract as determined
109 annually by the Contracting Officer pursuant to this Contract;

110 (c) "Condition of Shortage" shall mean a condition respecting the Project
111 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet
112 the Contract Total;

113 (d) "Contracting Officer" shall mean the Secretary of the Interior's duly
114 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law
115 or regulation;

116 (e) "Contract Total" shall mean the maximum amount of water to which the
117 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

118 (f) "Contractor's Service Area" shall mean the area to which the Contractor is
119 permitted to provide Project Water under this Contract as described in Exhibit "A" attached
120 hereto, which may be modified from time to time in accordance with Article 35 of this Contract

without amendment of this Contract;

(g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

(g.1) "Delta Division Facilities" shall mean those existing and future Project facilities in and south of the Sacramento-San Joaquin Rivers Delta, including, but not limited to, the Tracy Pumping Plant, the O'Neill Forebay, the O'Neill Pumping/Generating Plant, and the San Luis Reservoir, used to divert, store and convey water to those Project Contractors entitled to receive water conveyed through the Delta-Mendota Canal.

(h-i) Omitted;

(j) "Full Cost Rate" shall mean an annual rate, as determined by the Contracting Officer that shall amortize the expenditures for construction properly allocable to the Project Irrigation or M&I functions, as appropriate, of facilities in service including all operation and maintenance deficits funded, less payments, over such periods as may be required under Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full-Cost Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and Regulations for the RRA;

140 (k-l) Omitted;

141 (m) "Irrigation Water" shall mean water made available from the Project that
142 is used primarily in the production of agricultural crops or livestock, including domestic use
143 incidental thereto, and watering of livestock;

144 (n) Omitted;

145 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other
146 than Irrigation Water, made available to the Contractor. M&I Water shall include water used for
147 human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)
148 which are kept for personal enjoyment or water delivered to landholdings operated in units of
149 less than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer
150 that the use of water delivered to any such landholding is a use described in subdivision (m) of
151 this Article;

152 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to
153 the delivery of M&I Water;

154 (q) "Operation and Maintenance" or AO&M" shall mean normal and
155 reasonable care, control, operation, repair, replacement (other than Capital replacement), and
156 maintenance of Project facilities;

157 (r) "Operating Non-Federal Entity" shall mean the entity(ies), its (their)
158 successors or assigns, which has (have) the obligation to operate and maintain all or a portion of

the Delta Division Facilities pursuant to written agreement(s) with the United States. When this Contract was entered into, the Operating Non-Federal Entity(ies) was (were) the San Luis & Delta-Mendota Water Authority, California Department of Water Resources, and Westlands Water District;

(s) “Project” shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;

(t) “Project Contractors” shall mean all parties who have water service contracts for Project Water from the Project with the United States pursuant to Federal Reclamation law;

(u) “Project Water” shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of water rights acquired pursuant to California law;

(v) “Rates” shall mean the payments determined annually by the Contracting Officer in accordance with the then current applicable water ratesetting policies for the Project, as described in subdivision (a) of Article 7 of this Contract;

(w) “Recent Historic Average” shall mean the most recent five (5) -year average of the final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding contract(s);

(x) “Secretary” shall mean the Secretary of the Interior, a duly appointed

successor, or an authorized representative acting pursuant to any authority of the Secretary and through any agency of the Department of the Interior;

(y) "Tiered Pricing Component" shall be the incremental amount to be paid for each acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;

(z) "Water Delivered" or "Delivered Water" shall mean Project Water diverted for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

(aa) "Water Made Available" shall mean the estimated amount of Project Water that can be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer, pursuant to subdivision (a) of Article 4 of this Contract;

(bb) "Water Scheduled" shall mean Project Water made available to the Contractor for which times and quantities for delivery have been established by the Contractor and Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

(cc) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

TERM OF CONTRACT

2. (a) This Contract shall be effective March 1, 2005, through February 28 (29), 2045. This Contract, when effective, supersedes Part A of Contract No. 14-06-200-7081A, dated September 26, 1972. In the event the Contractor wishes to renew the Contract beyond

February 28 (29), 2045, the Contractor shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this Contract expires.

(b) Omitted

(c) This Contract, insofar as it pertains to the furnishing of M&I Water to the Contractor, shall be renewed for successive periods of up to 40 years each, which periods shall be consistent with the then-existing Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and consistent with Federal and State law. The Contractor shall be afforded the opportunity to comment to the Contracting Officer on the proposed adoption and application of any revised policy applicable to the delivery of M&I Water that would limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I Water to less than 40 years.

(d) The Contracting Officer shall make a determination ten years after the date of execution of this Contract, and every five years thereafter during the term of this Contract, of whether a conversion of the relevant portion of this Contract to a contract under subsection 9(d) of the Reclamation Project Act of 1939 can be accomplished pursuant to the Act of July 2, 1956 (70 Stat 483). The Contracting Officer shall also make a determination ten years after the date of execution of this Contract and every five years thereafter during the term of this Contract of whether a conversion of the relevant portion of this Contract to a contract under subsection 9(c)(1) of the Reclamation Project Act of 1939 can be accomplished.

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Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights and benefits under the Act of July 2, 1956 (70 Stat. 483). The Contracting Officer anticipates that during the term of this Contract, all authorized Project construction expected to occur will have occurred, and on that basis the Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to the Contractor, and agrees further that, at any time after such allocation is made, and subject to satisfaction of the conditions set out in this subdivision, this Contract shall, at the request of the Contractor, be converted to a contract under subsection 9(d) or 9(c)(1), whichever is applicable, of the Reclamation Project Act of 1939, subject to applicable Federal law and under stated terms and conditions mutually agreeable to the Contractor and the Contracting Officer. A condition for such conversion to occur shall be a determination by the Contracting Officer that, account being taken of the amount credited to return by the Contractor as provided for under Federal Reclamation law, the remaining amount of construction costs assignable for ultimate return by the Contractor can probably be repaid to the United States within the term of a contract under subsection 9(d) or 9(c)(1), whichever is applicable. If the remaining amount of costs that are properly assignable to the Contractor cannot be determined during the term of this Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s) why such a determination could not be made. Further, the Contracting Officer shall make such a determination as soon thereafter as possible so as to permit, upon request of the Contractor and satisfaction of the condition set out above, conversion

to a contract under subsection 9(d) or 9(c)(1), whichever is applicable. In the event such determination of costs has not been made at a time which allows conversion of this Contract during the term of this Contract or the Contractor has not requested conversion of this Contract within such term, the parties shall incorporate in any subsequent renewal contract as described in subdivision (b) of this Article a provision that carries forth in substantially identical terms the provisions of this subdivision.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

3. (a) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this Contract, the Contracting Officer shall make available for delivery to the Contractor 3,000 acre-feet of water for M&I purposes. Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) Because the capacity of the Central Valley Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor actually receiving the amount of water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's most recent modeling referenced in the PEIS projected that Contract Total set forth in this Contract will not be

available to the Contractor in many years. During the most recent five years, the Recent Historic Average of water made available to the Contractor was **2,772** acre-feet. Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any provision of this Contract.

(c) The Contractor shall utilize the Project Water in accordance with all applicable legal requirements.

(d) The Contractor shall make reasonable and beneficial use of all water furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu), groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation law. Groundwater recharge programs, groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted outside the Contractor's

Service Area may be permitted upon written approval of the Contracting Officer, which approval will be based upon environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines.

(e) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract undertaken pursuant to Section 7 of the Endangered Species Act (ESA) of 1973, as amended, that are within the Contractor's legal authority to implement. The Existing Contract, which evidence in excess of 33 years of diversions for M&I purposes of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be considered in developing an appropriate baseline for the biological assessment prepared pursuant to the ESA and any other needed environmental review. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) Following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total under Article 3 of this Article during the Year without adversely impacting other Project

Contractors. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. If the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor, the Contracting Officer will announce the availability of such water and shall so notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project Contractors capable of taking such water to determine the most equitable and efficient allocation of such water. If the Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

(g) The Contractor may request permission to reschedule for use during the subsequent Year some or all of the Water Made Available to the Contractor during the current Year referred to as "rescheduled water." The Contractor may request permission to use during the current Year a quantity of Project Water which may be made available by the United States to the Contractor during the subsequent Year referred to as "preuse." The Contracting Officer's written approval may permit such uses in accordance with applicable statutes, regulations, guidelines, and policies. Subject to existing long-term contractual commitments, water rights and operational constraints, long-term Project Contractors shall have a first right to acquire such water, including Project Water made available pursuant to Section 215 of the RRA.

(h) The Contractor's right pursuant to Federal Reclamation law and

311 applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this
312 Contract during the term thereof and any subsequent renewal contracts, as described in Article 2
313 of this Contract, during the terms thereof shall not be disturbed so long as the Contractor shall
314 fulfill all of its obligations under this Contract and any renewals thereof. Nothing in the
315 preceding sentence shall affect the Contracting Officer's ability to impose shortages under
316 Article 11 or subdivision (b) of Article 12 of this Contract or applicable provisions of any
317 subsequent renewal contracts.

318 (i) Project Water furnished to the Contractor pursuant to this Contract may be
319 delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract
320 upon written approval by the Contracting Officer in accordance with the terms and conditions of
321 such approval.

322 (j) The Contracting Officer shall make reasonable efforts to protect the water
323 rights necessary for the Project and to provide the water available under this Contract. The
324 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
325 extent permitted by law, in administrative proceedings related to the Project Water rights;
326 Provided, that the Contracting Officer retains the right to object to the substance of the
327 Contractor's position in such a proceeding; Provided further, That in such proceedings the
328 Contracting Officer shall recognize the Contractor has a legal right under the terms of this
329 Contract to use Project Water.

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TIME FOR DELIVERY OF WATER

(4) (a) On or about February 20 of each Calendar Year, the Contracting Officer shall announce the Contracting Officer's expected declaration of the Water Made Available. Such declaration will be expressed in terms of both Water Made Available and the Recent Historic Average and will be updated monthly, and more frequently if necessary, based on then-current operational and hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant supporting information, upon the written request of the Contractor. Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

(b) On or before each March 1 and at such other times as necessary, the Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer, showing the monthly quantities of Project Water to be delivered by the United States to the Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting Officer shall use all reasonable means to deliver Project Water according to the approved schedule for the Year commencing on such March 1.

(c) The Contractor shall not schedule Project Water in excess of the quantity of Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area or to sell, transfer or exchange pursuant to Article 9 of this Contract

during any Year.

(d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s) **thereto**, satisfactory to the Contracting Officer, submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.

POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract shall be delivered to the Contractor at Project facilities and any additional point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor.

(b) The Contracting Officer, either directly or indirectly through its written agreements(s) with the Operating Non-Federal Entity(ies), shall make all reasonable efforts to maintain sufficient flows and levels of water in the Project facilities to deliver Project Water to the Contractor at the point or points of delivery established pursuant to subdivision (a) of this Article.

(c) The Contractor shall not deliver Project Water to land outside the Contractor's Service Area unless approved in advance by the Contracting Officer.

(d) All Water Delivered to the Contractor pursuant to this Contract shall be

368 measured and recorded with equipment furnished, installed, operated, and maintained by the
369 Contracting Officer either directly or indirectly through its written agreements(s) with the
370 Operating Non-Federal Entity(ies), unless undertaken by the Contractor with the consent of the
371 Contracting Officer at the point or points of delivery established pursuant to subdivision (a) of
372 this Article. Upon the request of either party to this Contract, the Contracting Officer shall
373 investigate, or cause to be investigated by the appropriate Operating Non-Federal Entity(ies) the
374 accuracy of such measurements and shall take any necessary steps to adjust any errors appearing
375 therein. For any period of time when accurate measurements have not been made, the
376 Contracting Officer shall consult with the Contractor and the appropriate Operating Non-Federal
377 Entity(ies), if any, prior to making a final determination of the quantity delivered for that period
378 of time.

379 (e) Absent a separate contrary written agreement with the Contractor, neither
380 the Contracting Officer nor any Operating Non-Federal Entity(ies) shall be responsible for the
381 control, carriage, handling, use, disposal, or distribution of Water Delivered to the Contractor
382 pursuant to this Contract beyond the point or points of delivery established pursuant to
383 subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,
384 employees, agents, and assigns on account of damage or claim of damage of any nature
385 whatsoever for which there is legal responsibility, including property damage, personal injury, or
386 death arising out of or connected with the control, carriage, handling, use, disposal, or

distribution of such Water Delivered beyond such point or points of delivery except for any damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, and assigns, including any responsible Operating Non-Federal Entity(ies), with the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, and assigns, including any responsible Operating Non-Federal Entity; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, and assigns including the Operating Non-Federal Entity(ies); or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States or responsible Operating Non-Federal Entity(ies).

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) The Contractor has established a measuring program satisfactory to the Contracting Officer. The Contractor shall ensure that, unless the Contractor establishes an alternative measurement program satisfactory to the Contracting Officer, all surface water delivered for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper

management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 26.

(b) To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the M&I service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within (60) days as to the adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are

inadequate, the parties shall within (60) days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

(c) All new surface water delivery systems installed within the Contractor's Service Area after the effective date of this Contract shall also comply with the measurement provisions described in subdivision (a) of this Article.

(d) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(e) The Contractor shall inform the Contracting Officer and the Operating Non-Federal Entity on or before the twentieth (20th) calendar day of each month of the quantity of M&I Water taken during the preceding month.

RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States as provided in this Article for all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance with: (i) the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be amended, modified, or superceded only through a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and

444 regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be
445 made by cash transaction, electronic funds transfer, or any other mechanism as may be agreed to
446 in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing
447 Component applicable to the Contractor upon execution of this Contract are set forth in Exhibit
448 "B," as may be revised annually.

449 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges,
450 and Tiered Pricing Component as follows:

451 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
452 provide the Contractor an estimate of the Charges for Project Water that will be applied to the
453 period October 1, of the current Calendar Year, through September 30, of the following Calendar
454 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months
455 to review and comment on such estimates. On or before September 15 of each Calendar Year,
456 the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect
457 during the period October 1 of the current Calendar Year, through September 30, of the
458 following Calendar Year, and such notification shall revise Exhibit "B."

459 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
460 shall make available to the Contractor an estimate of the Rates and Tiered Pricing Component
461 for Project Water for the following Year and the computations and cost allocations upon which
462 those Rates are based. The Contractor shall be allowed not less than two (2) months to review

and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing Component to be in effect for the upcoming Year, and such notification shall revise Exhibit "B."

(c) At the time the Contractor submits the initial schedule for the delivery of Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall make an advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be delivered pursuant to this Contract during the first two calendar months of the Year. Before the end of the first month and before the end of each calendar month thereafter, the Contractor shall make an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract during the second month immediately following. Adjustments between advance payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to

this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor unless and until an advance payment at the Rates then in effect for such additional Project Water is made. Final adjustment between the advance payments for the Water Scheduled and payments for the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no later than April 30th of the following Year, or sixty (60) days after the delivery of Project Water rescheduled under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last day of February.

(d) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered Pricing Component then in effect, before the end of the month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Operating Non-Federal Entity(ies) or, if there is no Operating Non-Federal Entity, by the Contracting Officer. The water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

501 (e) The Contractor shall pay for any Water Delivered under subdivision (d),
502 (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to
503 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting
504 policies; Provided, That the Rate for Water Delivered under subdivision (d) or (f) of Article 3 of
505 this Contract shall be no more than the otherwise applicable Rate for M&I Water under
506 subdivision (a) of this Article.

507 (f) Payments to be made by the Contractor to the United States under this
508 Contract may be paid from any revenues available to the Contractor.

509 (g) All revenues received by the United States from the Contractor relating to
510 the delivery of Project Water or the delivery of non-Project water through Project facilities shall
511 be allocated and applied in accordance with Federal Reclamation law and the associated rules or
512 regulations, and the then current Project ratesetting policies for M&I Water.

513 (h) The Contracting Officer shall keep its accounts pertaining to the
514 administration of the financial terms and conditions of its long-term contracts, in accordance
515 with applicable Federal standards, so as to reflect the application of Project costs and revenues.
516 The Contracting Officer shall, each Year upon request of the Contractor, provide to the
517 Contractor a detailed accounting of all Project and Contractor expense allocations, the
518 disposition of all Project and Contractor revenues, and a summary of all water delivery
519 information. The Contracting Officer and the Contractor shall enter into good faith negotiations

to resolve any discrepancies or disputes relating to accountings, reports, or information.

(i) The parties acknowledge and agree that the efficient administration of this Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Component, and/or for making and allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is in effect without amending this Contract.

(j) (1) Beginning at such time as deliveries of Project Water in a Year exceed (80%) percent of the Contract Total, then before the end of the month following the month of delivery the Contractor shall make an additional payment to the United States equal to the applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water Delivered in excess of (80%) percent of the Contract Total, but less than or equal to (90%) percent of the Contract Total, shall equal the one-half of the difference between the Rate established under subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing Component for the amount of Water Delivered which exceeds (90%) percent of the Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of this Article and (ii) the M&I Full Cost Water Rate.

(2) Omitted.

539 (3) For purposes of determining the applicability of the Tiered Pricing
540 Component pursuant to this Article, Water Delivered shall include Project Water that the
541 Contractor transfers to others but shall not include Project Water transferred and delivered to the
542 Contractor, nor shall it include the additional water provided to the Contractor under the
543 provisions of subdivision (f) of Article 3 of this Contract.

544 (k) For the term of this Contract, Rates applied under the respective
545 ratesetting policies will be established to recover only reimbursable O&M (including any
546 deficits) and capital costs of the Project, as those terms are used in the then-current Project
547 ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate
548 is applicable in accordance with the relevant Project ratesetting policy. Changes of significance
549 in practices which implement the Contracting Officer's ratesetting policies will not be
550 implemented until the Contracting Officer has provided the Contractor an opportunity to discuss
551 the nature, need, and impact of the proposed change.

552 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
553 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates
554 adjusted upward or downward to reflect the changed costs of delivery (if any) of the transferred
555 Project Water to the transferee's point of delivery in accordance with the then applicable CVP
556 Ratesetting Policy.

557 (m) Omitted

(n) With respect to the Rates for M&I Water, the Contractor asserts that it is not legally obligated to pay any Project deficits claimed by the United States to have accrued as of the date of this Contract or deficit-related interest charges thereon. By entering into this Contract, the Contractor does not waive any legal rights or remedies that it may have with respect to such disputed issues. Notwithstanding the execution of this Contract and payments made hereunder, the Contractor may challenge in the appropriate administrative or judicial forums: (1) the existence, computation, or imposition of any deficit charges accruing during the term of the Existing Contract and any preceding interim renewal contracts, if applicable; (2) interest accruing on any such deficits; (3) the inclusion of any such deficit charges or interest in the Rates; (4) the application by the United States of payments made by the Contractor under its Existing Contract and any preceding interim renewal contracts, if applicable; and (5) the application of such payments in the Rates. The Contracting Officer agrees that the Contractor shall be entitled to the benefit of any administrative or judicial ruling in favor of any Project M&I contractor on any of these issues, and credits for payments heretofore made, provided that the basis for such ruling is applicable to the Contractor. **[Contractor Specific]**

NON INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. Omitted.

577 SALES, TRANSFERS, OR EXCHANGES OF WATER

578 9. (a) The right to receive Project Water provided for in this Contract may be
579 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of
580 California if such sale, transfer, or exchange is authorized by applicable Federal and State laws,
581 and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project
582 Water under this Contract may take place without the prior written approval of the Contracting
583 Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or
584 exchanges shall be approved absent all appropriate environmental documentation, including but
585 not limited to documents prepared pursuant to the NEPA and the ESA. Such environmental
586 documentation should include, as appropriate, an analysis of groundwater impacts and economic
587 and social effects, including environmental justice, of the proposed water transfers on both the
588 transferor and transferee.

589 (b) In order to facilitate efficient water management by means of water
590 transfers of the type historically carried out among Project Contractors located within the same
591 geographical area and to allow the Contractor to participate in an accelerated water transfer
592 program during the term of this Contract, the Contracting Officer shall prepare, as appropriate,
593 all necessary environmental documentation including, but not limited to documents prepared
594 pursuant to the NEPA and the ESA analyzing annual transfers within such geographical areas
595 and the Contracting Officer shall determine whether such transfers comply with applicable law.

596 Following the completion of the environmental documentation, such transfers addressed in such
597 documentation shall be conducted with advance notice to the Contracting Officer, but shall not
598 require prior written approval by the Contracting Officer. Such environmental documentation
599 and the Contracting Officer's compliance determination shall be reviewed every five years and
600 updated, as necessary, prior to the expiration of the then existing five year period. All
601 subsequent environmental documentation shall include an alternative to evaluate not less than
602 the quantity of Project Water historically transferred within the same geographical area.

603 (c) For a water transfer to qualify under subdivision (b) of this Article, such
604 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three (3)
605 years, for M&I use, groundwater recharge, groundwater banking, or similar groundwater
606 activities, surface water storage, or fish and wildlife resources; not lead to land conversion; and
607 be delivered to established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur
608 within a single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water
609 through existing facilities with no new construction or modifications to facilities and be between
610 existing Project Contractors and/or the Contractor and the United States, Department of the
611 Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and
612 requirements imposed for protection of the environment and Indian Trust Assets, as defined
613 under Federal law.

614 APPLICATION OF PAYMENTS AND ADJUSTMENTS

615 10. (a) The amount of any overpayment by the Contractor of the Contractor's
616 O&M, Capital, and deficit (if any) obligations for the Year shall be applied first to any current
617 liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of
618 more than (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any amount
619 of such overpayment at the option of the Contractor, may be credited against amounts to become
620 due to the United States by the Contractor. With respect to overpayment, such refund or
621 adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to
622 have the right to the use of any of the Project Water supply provided for herein. All credits and
623 refunds of overpayments shall be made within thirty (30) days of the Contracting Officer
624 obtaining direction as to how to credit or refund such overpayment in response to the notice to
625 the Contractor that it has finalized the accounts for the Year in which the overpayment was
626 made.

627 (b) All advances for miscellaneous costs incurred for work requested by the
628 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs
629 when the work has been completed. If the advances exceed the actual costs incurred, the
630 difference will be refunded to the Contractor. If the actual costs exceed the Contractor's
631 advances, the Contractor will be billed for the additional costs pursuant to Article 25 of this
632 Contract.

633 TEMPORARY REDUCTIONS--RETURN FLOWS

634 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the
635 requirements of Federal law and (ii) the obligations of the United States under existing contracts,
636 or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall
637 make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in
638 this Contract.

639 (b) The Contracting Officer or Operating Non-Federal Entity(ies) may
640 temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein
641 provided for the purposes of investigation, inspection, maintenance, repair, or replacement of
642 any of the Project facilities or any part thereof necessary for the delivery of Project Water to the
643 Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity(ies)
644 will give the Contractor due notice in advance of such temporary discontinuance or reduction,
645 except in case of emergency, in which case no notice need be given; Provided, That the United
646 States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon
647 resumption of service after such reduction or discontinuance, and if requested by the Contractor,
648 the United States will, if possible, deliver the quantity of Project Water which would have been
649 delivered hereunder in the absence of such discontinuance or reduction.

650 (c) The United States reserves the right to all seepage and return flow water
651 derived from Water Delivered to the Contractor hereunder which escapes or is discharged

beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States any right as seepage or return flow being put to reasonable and beneficial use pursuant to this Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor. **(Contractor Specific)**

CONSTRAINTS ON THE AVAILABILITY OF WATER

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a Condition of Shortage in the quantity of water to be made available to the Contractor pursuant to this Contract. In the event the Contracting Officer determines that a Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.

(b) If there is a Condition of Shortage because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) Omitted.

(d) Project Water furnished under this Contract will be allocated in accordance with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended, modified, or superceded only through a public notice and comment procedure.

(e) By entering into this Contract, the Contractor does not waive any legal rights or remedies it may have to file or participate in any administrative or judicial proceeding contesting (i) the sufficiency of the **M&I Water Shortage Policy**; (ii) the substance of such a policy; (iii) the applicability of such a policy; or (iv) the manner in which such policy is implemented in order to allocate Project Water between municipal and industrial and irrigation purposes; Provided, that the Contractor has commenced any such judicial challenge or any administrative procedures necessary to institute any judicial challenge within 6 months of the policy becoming final. By agreeing to the foregoing, the Contracting Officer does not waive any legal defenses or remedies that it may have to assert in such a proceeding. Nothing contained herein shall be interpreted to validate or invalidate the **M&I Water Shortage Policy**.

UNAVOIDABLE GROUNDWATER PERCOLATION

13. Omitted

RULES AND REGULATIONS

14. The parties agree that the delivery of M&I Water or use of Federal facilities pursuant to this Contract is subject to the applicable provisions of Federal Reclamation law and any applicable rules and regulations promulgated by the Secretary of the Interior under such law.

WATER AND AIR POLLUTION CONTROL

15. The Contractor, in carrying out this Contract, shall comply with all applicable water and air pollution laws and regulations of the United States and the State of California, and

shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this Contract shall be operated and maintained to enable the United States to deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

(b) The O&M of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

17. (a) Omitted.

(b) Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States, may be stored, conveyed and/or diverted through Project facilities, subject to the completion of appropriate environmental documentation, with the

approval of the Contracting Officer and the execution of any contract determined by the Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-Project water into Project facilities and deliver said water to lands within the Contractor's Service Area, subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by the CVP Ratesetting Policy and the RRA each as amended, modified or superceded from time to time. In addition, if electrical power is required to pump non-Project water through the facilities, the Contractor shall be responsible for obtaining the necessary power and paying the necessary charges therefor.

(2) Delivery of such non-Project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project water service contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project water service contractors; or (iv) interfere with the physical maintenance of the Project facilities.

(3) Neither the United States nor the Operating Non-Federal Entity(ies) shall be responsible for control, care or distribution of the non-Project water before it is introduced into or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United States and the Operating Non-Federal

Entity(ies), and their respective officers, agents, and employees, from any claim for damage to persons or property, direct or indirect, resulting from the acts(s) the Contractor or its officers, employees, agents, or assigns, in (i) extracting or diverting non-Project water from any source, or (ii) diverting such non-Project water into Project facilities.

(4) Diversion of such non-Project water into Project facilities shall be consistent with all applicable laws, and if involving groundwater, consistent with any applicable groundwater management plan for the area from which it was extracted.

(5) After Project purposes are met, as determined by the Contracting Officer, the United States and the Project Contractors entitled to Project Water from Delta Division Facilities shall share priority to utilize the remaining capacity of the facilities declared to be available by the Contracting Officer for conveyance and transportation of non-Project water prior to any such remaining capacity being made available to non-Project contractors. Other Project Contractors shall have a second priority to any remaining capacity of facilities declared to be available by the Contracting Officer for conveyance and transportation of non-Project water prior to any such remaining capacity being made available to non-Project contractors.

OPINIONS AND DETERMINATIONS

18. (a) Where the terms of this Contract provide for actions to be based upon the opinion or determination of either party to this Contract, said terms shall not be construed as

751 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
752 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
753 reserve the right to seek relief from and appropriate adjustment for any such arbitrary,
754 capricious, or unreasonable opinion or determination. Each opinion or determination by either
755 party shall be provided in a timely manner. Nothing in **this** subdivision (a) of **this** Article 18 of
756 ~~this Contract~~ is intended to or shall affect or alter the standard of judicial review applicable
757 under Federal law to any opinion or determination implementing a specific provision of Federal
758 law embodied in statute or regulation.

759 (b) The Contracting Officer shall have the right to make determinations
760 necessary to administer this Contract that are consistent with the expressed and implied
761 provisions of this Contract, the laws of the United States and of the State of California, and the
762 rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be
763 made in consultation with the Contractor to the extent reasonably practicable.

764 COORDINATION AND COOPERATION

765 19. (a) In order to further their mutual goals and objectives, the Contracting
766 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and
767 with other affected Project Contractors, in order to improve the operation and management of the
768 Project. The communication, coordination, and cooperation regarding operations and
769 management shall include, but not be limited to, any action which will or may materially affect

the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinion, and determinations to be made by the respective party.

(b) Within (120) days following the effective date of this Contract, the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet with interested Project Contractors to develop a mutually agreeable, written Project-wide process, which may be amended as necessary separate and apart from this Contract. The goal of this process shall be to provide, to the extent practicable, the means of mutual communication and interaction regarding significant decisions concerning Project operation and management on a real-time basis.

(c) In light of the factors referred to in subdivision (b) of Article 3 of this Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this intent:

(1) The Contracting Officer will, at the request of the Contractor, assist in the development of integrated resource management plans for the Contractor. Further, the Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water quality, and reliability.

(2) The Secretary will, as appropriate, pursue program and project implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

(3) The Secretary will coordinate with Project Contractors and the State of California to seek improved water resource management.

(4) The Secretary will coordinate actions of agencies within the Department of the Interior that may impact the availability of water for Project purposes.

(5) The Contracting Officer shall periodically, but not less than annually, hold division level meetings to discuss Project operations, division level water management activities, and other issues as appropriate.

(d) Without limiting the contractual obligations of the Contracting Officer under the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, or physical integrity of structures or facilities.

CHARGES FOR DELINQUENT PAYMENTS

20. (a) The Contractor shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment.

When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of one-half of one (0.5%) percent per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

EQUAL OPPORTUNITY

21. During the performance of this Contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice,

to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

22. (a) The obligation of the Contractor to pay the United States as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the

obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

(c) With respect to subdivision (b) of this Article, the Contractor shall have no obligation to require advance payment for water rates which it levies.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(c) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this Article, and that the United States reserves the right to seek judicial

919 enforcement thereof.

920
921 PRIVACY ACT COMPLIANCE

922 24. Omitted.

923
924 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

925 25. In addition to all other payments to be made by the Contractor pursuant to this
926 Contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a
927 bill and detailed statement submitted by the Contracting Officer to the Contractor for such
928 specific items of direct cost incurred by the United States for work requested by the Contractor
929 associated with this Contract plus indirect costs in accordance with applicable Bureau of
930 Reclamation policies and procedures. All such amounts referred to in this Article shall not
931 exceed the amount agreed to in writing in advance by the Contractor. This Article shall not
932 apply to costs for routine contract administration.

933 WATER CONSERVATION

934 26. (a) Prior to the delivery of water provided from or conveyed through
935 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor
936 shall be implementing an effective water conservation and efficiency program based on the
937 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
938 the conservation and efficiency criteria for evaluating water conservation plans established under
939 Federal law. The water conservation and efficiency program shall contain definite water

940 conservation objectives, appropriate economically feasible water conservation measures, and
941 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
942 Contract shall be contingent upon the Contractor's continued implementation of such water
943 conservation program. In the event the Contractor's water conservation plan or any revised
944 water conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have
945 not yet been determined by the Contracting Officer to meet such criteria, due to circumstances
946 which the Contracting Officer determines are beyond the control of the Contractor, water
947 deliveries shall be made under this Contract so long as the Contractor diligently works with the
948 Contracting Officer to obtain such determination at the earliest practicable date, and thereafter
949 the Contractor immediately begins implementing its water conservation and efficiency program
950 in accordance with the time schedules therein.

951 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
952 Article 3 of this Contract equal or exceed (2,000) acre-feet per Year, the Contractor shall
953 implement the Best Management Practices identified by the time frames issued by the California
954 Urban Water Conservation Council for such M&I Water unless any such practice is determined
955 by the Contracting Officer to be inappropriate for the Contractor.

956 (c) The Contractor shall submit to the Contracting Officer a report on the
957 status of its implementation of the water conservation plan on the reporting dates specified in the
958 then existing conservation and efficiency criteria established under Federal law.

(d) At five year intervals, the Contractor shall revise its water conservation plan to reflect the then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law and submit such revised water management plan to the Contracting Officer for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets Reclamation's then current conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

(e) If the Contractor is engaged in direct groundwater recharge, such activity shall be described in the Contractor's water conservation plan.

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

27. Except as specifically provided in Article 17 of this Contract, the provisions of this Contract shall not be applicable to or affect non-project water or water rights now owned or hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

OPERATION AND MAINTENANCE BY SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

28. (a) The O&M of a portion of the Project facilities which serve the Contractor,

979 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
980 San Luis & Delta-Mendota Water Authority, an Operating Non-Federal Entity by separate
981 agreement (8-07-20-X0354) between the United States and the Operating Non-Federal Entity
982 San Luis & Delta-Mendota Water Authority. That separate agreement shall not interfere with or
983 affect the rights or obligations of the Contractor or the United States hereunder.

984 (b) The Contracting Officer has previously notified the Contractor in writing
985 that the O&M of a portion of the Project facilities which serve the Contractor has been
986 transferred to the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority,
987 and therefore, the Contractor shall pay directly to the Operating Non-Federal Entity San Luis &
988 Delta-Mendota Water Authority, or to any successor approved by the Contracting Officer under
989 the terms and conditions of the separate agreement between the United States and the Operating
990 Non-Federal Entity San Luis & Delta-Mendota Water Authority, described in subdivision (a) of
991 this Article, all rates, charges, or assessments of any kind, including any assessment for reserve
992 funds, which the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or
993 such successor determines, sets, or establishes for the O&M of the portion of the Project
994 facilities operated and maintained by the Operating Non-Federal Entity or such successor. Such
995 direct payments to the Operating Non-Federal Entity San Luis & Delta-Mendota Water
996 Authority, or such successor shall not relieve the Contractor of its obligation to pay directly to
997 the United States the Contractor's share of the Project Rates, Charges, and Tiered Pricing

998 Component(s) except to the extent the Operating Non-Federal Entity collects payments on behalf
999 of the United States in accordance with the separate agreement identified in subdivision (a) of
1000 this Article.

1001 (c) For so long as the O&M of any portion of the Project facilities serving the
1002 Contractor is performed by the Operating Non-Federal Entity San Luis & Delta-Mendota Water
1003 Authority, or any successor thereto, the Contracting Officer shall adjust those components of the
1004 Rates for Water Delivered under this Contract representing the cost associated with the activity
1005 being performed by the Operating Non-Federal Entity San Luis & Delta-Mendota Water
1006 Authority, or its successor.

1007 (d) In the event the O&M of the Project facilities operated and maintained by
1008 the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, is re-assumed by
1009 the United States during the term of this Contract, the Contracting Officer shall so notify the
1010 Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include
1011 the portion of the Rates to be paid by the Contractor for Project Water under this Contract
1012 representing the O&M costs of the portion of such Project facilities which have been re-
1013 assumed. The Contractor shall, thereafter, in the absence of written notification from the
1014 Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s)
1015 specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of
1016 this Contract.

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OPERATION AND MAINTENANCE BY CALIFORNIA DEPARTMENT OF WATER
RESOURCES

28.1 (a) The O&M of a portion of the Project facilities which serve the Contractor, and responsibility for funding a portion of the costs of such O&M, have been transferred to the California Department of Water Resources, an Operating Non-Federal Entity by a separate agreement (14-06-200-9755) between the United States and Operating Non-Federal Entity California Department of Water Resources. This separate agreement shall not interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

(b) The Contracting Officer has previously notified the Contractor in writing that the O&M of a portion of the Project facilities which serve the Contractor has been transferred to Operating Non-Federal Entity California Department of Water Resources, and the Contractor shall pay directly to Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or to any successor approved by the Contracting Officer under the terms and conditions of the separate agreement between the United States and Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, described in subdivision (a) of Article 28 of this Contract, all rates, charges, or assessments of any kind, including any assessment for reserve funds, which Operating Non-Federal Entity California Department of Water Resources, or such successor determines, sets, or establishes for the O&M of the portion of the Project facilities operated and maintained by Operating Non-Federal Entity California Department of Water

1037 Resources, or such successor. Such direct payments to Operating Non-Federal Entity San Luis
1038 & Delta-Mendota Water Authority, or such successor shall not relieve the Contractor of its
1039 obligation to pay directly to the United States the Contractor's share of the Project Rates,
1040 Charges, and Tiered Pricing Components except to the extent the Operating Non-Federal Entity
1041 collects payments on behalf of the United States in accordance with the separate agreement
1042 identified in subdivision (a) of Article 28 of this Contract.

1043 (c) For so long as the O&M of any portion of the Project facilities serving the
1044 Contractor is performed by Operating Non-Federal Entity California Department of Water
1045 Resources, or any successor thereto, the Contracting Officer shall adjust those components of the
1046 Rates for Water Delivered under this Contract representing the cost associated with the activity
1047 being performed by Operating Non-Federal Entity California Department of Water Resources, or
1048 its successor.

1049 (d) In the event the O&M of the Project facilities operated and maintained by
1050 Operating Non-Federal Entity California Department of Water Resources, is re-assumed by the
1051 United States during the term of this Contract, the Contracting Officer shall so notify the
1052 Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include
1053 the portion of the Rates, Charges, and Tiered Pricing Component(s) to be paid by the Contractor
1054 for Project Water under this Contract representing the O&M costs of the portion of such Project
1055 facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written

1056 notification from the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered
1057 Pricing Component(s) specified in the revised Exhibit "B" directly to the United States in
1058 compliance with Article 7 of this Contract.

1059 OPERATION AND MAINTENANCE BY WESTLANDS WATER DISTRICT
1060

1061 28.2 (a) The O&M of a portion of the Project facilities which serve the
1062 Contractor, and responsibility for funding a portion of the costs of such O&M, have been
1063 transferred to the Westlands Water District, the Operating Non-Federal Entity Westlands Water
1064 District by a separate contract (14-06-200-2020A) between the United States and Westlands
1065 Water District, the Operating Non-Federal Entity Westlands Water District . That above
1066 referenced contract shall not interfere with or affect the rights or obligations of the Contractor or
1067 the United States hereunder.

1068 (b) The Contracting Officer has previously notified the Contractor in writing
1069 that the O&M of a portion of the Project facilities which serve the Contractor has been
1070 transferred to the Operating Non-Federal Entity Westlands Water District . Therefore, the
1071 Contractor has entered into a separate agreement with the Operating Non-Federal Entity
1072 Westlands Water District providing the terms and conditions pursuant to which the Operating
1073 Non-Federal Entity Westlands Water District will deliver Project Water to the Contractor
1074 through the portion of the Project facilities operated and maintained by the Operating Non-

1075 Federal Entity Westlands Water District, including the amount(s) the Contractor is to pay the
1076 Operating Non-Federal Entity Westlands Water District for that service. The Contractor shall
1077 pay directly to the Operating Non-Federal Entity Westlands Water District , or to any successor
1078 approved by the Contracting Officer, all rates, charges, or assessments of any kind, including
1079 any assessment for reserve funds, described in the separate agreement referred to above or any
1080 amendatory or replacement agreement approved by the Contracting Officer, which the Operating
1081 Non-Federal Entity Westlands Water District and or such successor determines, sets, or
1082 establishes for the Operating Non-Federal Entity Westlands Water District or such successor.
1083 Such direct payments to the Operating Non-Federal Entity Westlands Water District or such
1084 successor shall not relieve the Contractor of its obligation to pay directly to the United States the
1085 Contractor's share of the Project Rates, Charges, and Tiered Pricing Components referred to in
1086 this Contract.

1087 (c) For so long as the O&M of any portion of the Project facilities serving the
1088 Contractor is performed by the Operating Non-Federal Entity Westlands Water District , or any
1089 successor thereto, the Contracting Officer shall adjust those components of the Rates for Water
1090 Delivered under this Contract representing the cost associated with the activity being performed
1091 by the Operating Non-Federal Entity Westlands Water District or its successor.

1092 (d) In the event the O&M of the Project facilities operated and maintained by
1093 the Operating Non-Federal Entity Westlands Water District is re-assumed by the United States

during the term of this Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include the portion of the Rates, Charges, and Tiered Pricing Component(s) to be paid by the Contractor for Project Water under this Contract representing the O&M costs of the portion of such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the absence of written notification from the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of this Contract.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

29. The expenditure or advance of any money or the performance of any obligation of the United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

BOOKS, RECORDS, AND REPORTS

30. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including: the Contractor's financial transactions, water supply data, and Project land and right-of-way agreements; water use data; and other matters that the Contracting Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this Contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this Contract.

(b) Notwithstanding the provisions of subdivision (a) of this Article, no

books, records, or other information shall be requested from the Contractor by the Contracting Officer unless such books, records, or information are reasonably related to the administration or performance of this Contract. Any such request shall allow the Contractor a reasonable period of time within which to provide the requested books, records, or information.

(c) At such time as the Contractor provides information to the Contracting Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided to the Operating Non-Federal Entity(ies).

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

31. (a) The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The assignment of any right or interest in this Contract by either party shall not interfere with the rights or obligations of the other party to this Contract absent the written concurrence of said other party.

(c) The Contracting Officer shall not unreasonably condition or withhold approval of any proposed assignment.

SEVERABILITY

32. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or other form of organization whose primary function is to represent parties to

Project contracts, brings an action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in this Contract and said person, entity, association, or organization obtains a final court decision holding that such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final court decision identify by mutual agreement the provisions in this Contract which must be revised and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project Water specified in this Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be legally invalid or unenforceable in the final court decision.

RESOLUTION OF DISPUTES

33. Should any dispute arise concerning any provisions of this Contract, or the parties, rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department of Justice, the party shall provide to the other party thirty (30) days, written notice of the intent to take such action; Provided, That such notice shall

not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the thirty (30) -day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor or the United States may have.

OFFICIALS NOT TO BENEFIT

34. No Member of or Delegate to Congress, Resident Commissioner, or official of the Contractor shall benefit from this Contract other than as a water user or landowner in the same manner as other water users or landowners.

CHANGES IN CONTRACTOR'S SERVICE AREA

35. (a) While this Contract is in effect, no change may be made in the Contractor's Service Area by inclusion or exclusion of lands, dissolution, consolidation, merger, or otherwise, except upon the Contracting Officer's written consent.

(b) Within thirty (30) days of receipt of a request for such a change, the Contracting Officer will notify the Contractor of any additional information required by the Contracting Officer for processing said request, and both parties will meet to establish a mutually agreeable schedule for timely completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or

licenses. In addition, the Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of this Contract.

FEDERAL LAWS

36. By entering into this Contract, the Contractor does not waive its rights to contest the validity or application in connection with the performance of the terms and conditions of this Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

NOTICES

37. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, CA 97321, and on behalf of the United States, when mailed, postage prepaid, or delivered to the City Council of the City of Huron, PO Box 339, Huron, California 93234. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

CONFIRMATION OF CONTRACT

38. The Contractor, after the execution of this Contract, shall furnish to the Contracting Officer evidence that pursuant to the law of the State of California, the Contractor is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This contract shall not be binding on the United States until such evidence has been provided to the Contracting Officers satisfaction.

September 30, 2004 Draft
August 19, 2004 Draft
January 5, 2004 Draft
Contract No. 14-06-200-7081A-LTR1
R.O. Draft 9-23-03 CVP M&I Form of Contract
R.O. 8-19-04 San Luis Unit Form of Contract

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day
and year first above written.

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

Approved as to form:

City Attorney _____

CITY OF HURON

By: _____
Mayor

Attest:

By: _____
City Clerk

September 30, 2004 Draft

August 19, 2004 Draft

January 5, 2004 Draft

Contract No. 14-06-200-7081A-LTR1

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EXHIBIT A

[Map or Description of Service Area]

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EXHIBIT B
[Initial Rates and Charges]